

# STATE PROPERTIES REVIEW BOARD

## Minutes of Meeting Held On August 13, 2012 State Office Building, Hartford, Connecticut

The State Properties Review Board held its regularly scheduled meeting on August 13, 2012 in the State Office Building.

**Members Present:** Edwin S. Greenberg, Chairman  
Bennett Millstein, Vice-Chairman  
Bruce Josephy, Secretary  
Mark A. Norman  
Pasquale A. Pepe  
John P. Valengavich

**Staff Present:** Brian A. Dillon, Director  
Mary Goodhouse, Real Estate Examiner

Chairman Greenberg called the meeting to order.

Mr. Josephy moved and Mr. Norman seconded a motion to enter into Open Session. The motion passed unanimously.

### OPEN SESSION

**ACCEPTANCE OF MINUTES OF August 6, 2012.** Mr. Norman moved and Mr. Valengavich seconded a motion to approve the minutes of August 6, 2012. The motion passed unanimously.

### REAL ESTATE- UNFINISHED BUSINESS

### REAL ESTATE- NEW BUSINESS

**PRB #** 12 - 202      **Transaction/Contract Type:** RE / Amendment  
**Origin/Client:** DOT / DOT  
**File No.:** AERO-5600-301  
**Licensee:** Paradies-Hartford, Inc.  
**Property:** Bradley International Airport ("BIA"), Windsor Locks  
**Project Purpose:** General Merchandise Concession License Agreement  
**Item Purpose:** 6<sup>th</sup> Amendment to allow Paradies-Hartford, Inc. to continue to lease a total of 9,864 SF of concession space (including an additional 560 SF included in the proposed amendment), extending the term of the License Agreement and modifying the effective date of the contract based on the anticipated completion of construction.

Ms. Goodhouse reported that a Bradley International Airport, Paradies-Hartford, Inc. (Paradies) sells news and convenience merchandise, Brooks Brothers clothing, food and beverage (sandwiches, bottled drinks) and gifts under a long-term concession license agreement with the State that was executed in October 1985. The original agreement licensed 4,551 sq. ft. in four areas, two of which were within the Murphy Terminal (now known as Terminal B), and two within the newer Terminal A, with Paradies committing to spend \$450,000 in tenant improvements (PRB #86-17).

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Subsequent amendments have relocated the Murphy Terminal areas, increased the number of concession areas to include 4,966 sq. ft. and extended the original term until January 31, 2016. Paradies made \$500,000 in renovations during the period 1990 – 1996 (Fourth Amendment). In 2001, DOT asked Paradies to submit a proposal for retail concessions as part of the renovations for Terminal A at BIA. Paradies agreed to make capital improvements in the amount of \$1,700,000 in exchange for a ten year extension in the lease (until 2016). A new schedule was adopted for Minimum Annual Guaranteed (MAG) payments from Paradies, to become effective when the improvements were completed. The parties agreed that a percentage rent of 16.5% of total sales would be paid during the period in which terminal and retail improvements were under way (Fifth Amendment).

Because of project delays, DOT could not provide the concession areas contemplated in the Fifth Amendment in the renovated Concourse until 2010. The Sixth Amendment makes the following changes in the existing Agreement: The term is extended six years from 1/31/2016 until 12/31/2022. The effective date for collecting the MAG payments established in the Fifth Amendment became effective in 2010 with the completion of an area comprised of 1,899 sq. ft. located on the first floor near the entrance to Concourse C (Gates 20 – 30). The concession areas are increased by 560 sq. ft. for a total of 9,864 sq. ft. in six locations on the 1<sup>st</sup> floor of Terminal A. Paradies releases the State from all claims, demands in any way connected with the State's timely completion and delivery of concession locations as provided in the Fifth Amendment. The State can assign the Agreement (to delegate the duties to the Connecticut Airport Authority) without consent of the Licensee. Agreement terms have been modified to include current statutory contract requirements regarding discrimination, campaign contributions, audit provisions, and record retention. Executive orders are referenced, and DOT has updated its Code of Ethics.

Ms. Goodhouse recommended Board approval of the Sixth Amendment. The fee schedule agreed to by Paradies under the Fifth Amendment depended upon DOT providing concession areas in 2004, when in fact the relocation/renovation schedule was not completed until 2010. It is reasonable for this Amendment to delay the imposition of the Minimum Annual Guaranteed Payment schedule until the actual completion dates for construction and rehabilitation of concession locations. Documentation is complete with respect to required affidavits, corporate resolutions and liability insurance certificates.

<b>PRB #</b>	<b>12 - 203</b>	<b>Transaction/Contract Type:</b>	RE / Lease
<b>Origin/Client:</b>	DOT / DOT		
<b>File No.:</b>	AERO-5600-1364		
<b>Lessee:</b>	Paradies-Hartford, Inc.		
<b>Property:</b>	Bradley International Airport ("BIA"), Windsor Locks		
<b>Project Purpose:</b>	Storage Lease Agreement		
<b>Item Purpose:</b>	New Lease Agreement for Paradies-Hartford, Inc. to lease a total of 2,708 SF of storage space to accommodate administrative functions in conjunction with its operations at Bradley International Airport.		

Ms. Goodhouse reported that this storage lease replaces DOT Agreement No. 7.21-01(08) approved as PRB #08-373, a lease for 1,770 SF of storage space. Paradies-Hartford, Inc. sells news and convenience merchandise, Brooks Brothers clothing, food and beverage (sandwiches, bottled drink) and gifts under a concession license agreement with the State. Base rent under the above Agreement obligates Paradies-Hartford, Inc. to pay the State 10% of Brooks Brother's sales, 18% of General Merchandise sales and advertising revenue, and 12.75% of food & beverage sales, with a minimum guaranteed payment schedule beginning at \$1,000,000 that increases based on the number of Bradley enplanements. (See PRB #12-202.)

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Ms. Goodhouse recommended Board approval of the above-captioned Agreement, which supports the Lessee's airport concession operations. Paradies-Hartford, Inc. has leased storage space at BIA since 2003 in connection with a long term General Merchandise Concession License Agreement. The Storage Lease Agreement with Paradies-Hartford, Inc. complies with Section 13b-42 of the CGS. The Agreement was approved by OPM Secretary on 7/27/12. The rent payable (\$62.97/SF, gross, as of July 1, 2012) is a unit cost based upon the tenant's pro-rata share of expenses to run terminal, including debt service as well as all utilities and maintenance. Each year, DOT calculates the cost to operate the facility, and adjusts the base rent accordingly, effective July 1. All tenants who are leasing office or storage space in the terminal pay the same rent. (State Regulation Reference: §15-41-45.) Paradies leases a total of 9,086 SF in 5 locations at Terminal 1, Concourse A & B at Bradley International. The proposed storage lease agreement will provide storage space necessary to support the concession agreement in place (PRB #12-202). Documentation is complete with respect to required affidavits, corporate resolutions and liability insurance certificates.

### ARCHITECT-ENGINEER - UNFINISHED BUSINESS

#### ARCHITECT-ENGINEER – NEW BUSINESS

<b>PRB#</b>	<b>12-201</b>	<b>Transaction/Contract Type:</b>	AE / Commission Letter
<b>Project Number:</b>	BI-RT-843	<b>Origin/Client:</b>	DCS/DOE
<b>Contract:</b>	BI-RT-843-ARC		Commission Letter #4
<b>Consultant:</b>	Tai Soo Kim Partners, LLC.		
<b>Property:</b>	H.C. Wilcox Technical High School, Meriden		
<b>Project Purpose:</b>	Additions and Major Renovations to H.C. Wilcox Technical High School		
<b>Item Purpose:</b>	Commission Letter #4 to compensate the consultant for additional services related to the design and construction of an E-House, various client agency driven design modifications and design/permitting services related to the installation of new above ground storage tank.		

Mr. Dillon reported that on 10/27/05, the Board approved the above-captioned contract with the Architect for a total fee of \$2,436,000 based on a construction budget of \$30,181,000 (PRB #05-291). In April 2007, Commission Letter #1 revised the total fee \$58,927 for geotechnical services and flood management application certification services (PRB #07-116). In May 2009, Amendment One revised the total fee \$1,123,670 (PRB #09-93). In July 2009, Commission Letter #2 revised the total fee \$18,300 for preconstruction design services to relocate the library and build temporary classrooms (PRB #09-152). In November 2009, Commission Letter #3 (PRB #09-276) revised the total fee by an additional \$90,250 for owner designated design and scope modifications. Most recently in 2011, Contract Amendment #2 (PRB #11-095) was approved in the amount of \$645,120 for conversion of the project from a design-bid-build structure to a Construction Manager at Risk. The total fee as revised to date is \$4,372,267.

Wilcox Technical High School was constructed in the 1950's and thereafter, expanded through the 1970's to a total building area of approximately 149,743 GSF. This Project #BI-RT-843 concerns the demolition of building Wing C (17,000± GSF), the renovation of 113,443± GSF of existing building space not previously improved by BGW, and the construction of approximately 53,257 GSF of new building area to realize a facility with a total of 210,000± GSF at project completion. Parking lot layout will be revised and expanded to accommodate 300 surface spaces and new bus drop-off/pick-up areas. The construction budget and total project budget as part of this proposed commission letter remain at \$52,874,765 and \$77,568,765 respectively. These amounts are consistent with Contract Amendment #2 approved by the Board in May 2011.

Commission Letter #4 is proposed to modify Tai Soo Kim Partners, LLC ("TSKP") contract for three distinct project components. These components are defined by DCS as follows:

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- Component #1 – provide additional design services related to the construction of an “E-House” on the school campus. The project scope anticipates that the utility infrastructure and foundation will be constructed under the CMR contract whereas the balance of the construction will be completed by the students. The anticipated cost of this scope is \$24,480.
- Component #2 –provide additional consulting services for design revisions and layout modifications in the Carpentry Shop, Plumbing Shop, HVAC Shop and Automotive Trade Shop. This scope also includes the installation of additional equipment, electrical service modifications and HVAC enhancements in these program areas. The anticipated cost of this scope is \$28,750.
- Component #3 -provide additional consulting services for the installation of a new 1000-gallon above ground storage tank to replace the underground tank which is being removed under the current contract. The scope will include environmental permitting, MEP engineering requirements, structural design of the concrete pad and coordination with the civil engineer for site layout and location. The anticipated cost of this scope is \$4,900.

Mr. Dillon recommended approval of this commission letter for TSKP to provide additional project related services at the H.C. Wilcox Technical School Project in Meriden. The total net increase to the contract based on all the detailed project components in Commission Letter #4 is \$58,130.00.

**OTHER BUSINESS**

The Board took the following votes in Open Session:

**PRB FILE #12-201** - Mr. Norman moved and Mr. Valengavich seconded a motion to approve PRB File #12-200. The motion passed unanimously.

**PRB FILE #12-202** - Mr. Valengavich moved and Mr. Millstein seconded a motion to approve PRB File #12-202. The motion passed unanimously.

**PRB FILE #12-203** – Mr. Pepe moved and Mr. Norman seconded a motion to approve PRB File #12-203. The motion passed unanimously.

The meeting adjourned.

**APPROVED:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Bruce Josephy, Secretary